

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 186753

21

ORIGIN EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

XMB-02 /105 R

DRAFTED BY EB/OT/STA:MCJONES:JH

APPROVED BY EB/OT/STA:WCLARK, JR.

TREAS:HSHELLEY

EUR/NE:NACHILLES

----- 119238

R 071844Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

USMISSION EC BRUSSELS

INFO USDEL MTN GENEVA

LIMITED OFFICIAL USE STATE 186753

E.O. 11652: N/A

TAGS: ETRD, UK, EEC

SUBJECT: ANTIDUMPING: CASE AGAINST FOREIGN AUTOMOBILES

REF: STATE 182256

1. ON AUGUST 6 J.O. MORETON, BRITISH CHARGE D'AFFAIRES,
DELIVERED FOLLOWING LETTER FROM PETER SHORE, UK SECRETARY OF
STATE FOR TRADE, TO TREASURY SECRETARY WILLIAM SIMON.

MESSAGE FROM MR. PETER SHORE, THE UK SECRETARY OF STATE
FOR TRADE, TO MR. WILLIAM SIMON, THE US SECRETARY OF THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 186753

TREASURY: 6 AUGUST 1975.

ALLEGATIONS OF DUMPING OF UK CARS

I UNDERSTAND THAT YOU ARE CONSIDERING WHETHER TO START A FORMAL INVESTIGATION INTO ALLEGATIONS OF DUMPING OF MOTOR CARS BY FOREIGN MANUFACTURERS, INCLUDING THE BRITISH LEYLAND MOTOR CORPORATION. THIS CAUSES ME CONSIDERABLE CONCERN, BOTH BECAUSE OF THE LIKELY EFFECTS ON AN IMPORTANT BRITISH INDUSTRY AND BECAUSE OF THE WIDER REPERCUSSIONS ON THE INTERNATIONAL TRADE SCENE AT THIS VERY DIFFICULT TIME.

YOUR PEOPLE WILL HAVE SEEN AIDES MEMOIRE ON THIS FROM OUR EMBASSY DELIVERED ON 31 JULY AND FROM THE COMMUNITY'S DELEGATION ON 1 AUGUST, WHICH PRESENT DETAILED REASONS FOR OUR VIEW THAT THE PRECONDITIONS SET OUT IN THE ANTI-DUMPING CODE OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE HAVE NOT BEEN MET AND THAT NO CASE HAS BEEN ESTABLISHED AT THIS TIME FOR A FORMAL INVESTIGATION.

TO SUMMARISE: THE GATT ANTI-DUMPING PROVISIONS ARE CONCERNED WITH SELLING PRODUCTS IN ANOTHER COUNTRY AT LESS THAN THEIR NORMAL VALUE IF THIS CAUSES OR THREATENS MATERIAL INJURY TO AN ESTABLISHED INDUSTRY. PRIMA FACIE EVIDENCE ON BOTH PRICE AND MATERIAL INJURY SHOULD BE ESTABLISHED BEFORE A FORMAL INVESTIGATION BEGINS (THE GATT CODE COULD OTHERWISE INTERFERE WITH PROPER FREE FUNCTIONING OF THE MARKET WHERE, FOR INSTANCE, A COMPANY MAY MATCH A COMPETITIVE PRICE). I DO NOT KNOW WHETHER YOUR PEOPLE CONSIDER THERE IS PRIMA FACIE EVIDENCE THAT B L M C SOLD CARS AT LESS THAN THEIR NORMAL VALUE WITHIN THE GATT DEFINITIONS: BUT I CANNOT SEE THAT A PRIMA FACIE CASE HAS BEEN DEMONSTRATED THAT THIS HAS CAUSED OR THREATENED MATERIAL INJURY TO THE US AUTOMOBILE INDUSTRY. AS YOU KNOW THE WAY IN WHICH THE GATT ANTI-DUMPING CODE IS APPLIED IN RELATION TO INJURY IS OF CONSIDERABLE CONCERN TO THE US'S TRADING PARTNERS.

IT MAY, OF COURSE, BE FELT THAT THE START OF AN INVESTIGATION WILL NOT PREJUDGE THESE MATTERS. BUT I WOULD LIKE TO URGE TWO CONSIDERATIONS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 186753

FIRST, THE START OF AN INVESTIGATION IN THE US IS A PARTICULARLY SERIOUS MATTER BECAUSE THE TRADE OF THE COMPANY UNDER INVESTIGATION IS INEVITABLY DAMAGED, BY THE UNCERTAINTY ABOUT DUTY PAYABLE, AS A RESULT OF THE INVESTIGATION ITSELF, WHETHER OR NOT ANY CASE IS IN THE EVENT ESTABLISHED. THERE ARE ALSO HEAVY LEGAL EXPENSES.

SECOND, I AM SURE YOU ARE CONSCIOUS OF THE WIDER CONSIDERATIONS AT THE PRESENT TIME, ARGUING FOR METICULOUS CARE IN HANDLING THESE MATTERS. IN THE PRESENT ECONOMIC DEPRESSION IN THE WESTERN WORLD, WHICH IS STILL DEEPENING IN THIS COUNTRY, MANY INDUSTRIES ARE PRESSING FOR PROTECTION. OUR OWN MOTOR INDUSTRY IS AMONG THESE. IMPORT PENETRATION IN OUR CASE IS AS HIGH AS ONE THIRD OF THE MARKET BUT I MYSELF HAVE SO FAR BEEN ABLE TO RESIST VERY HEAVY PRESSURE TO RESTRAIN IMPORTS. AS GOVERNMENTS WE KNOW HOW PROTECTIONIST SENTIMENT AND MOVES IN ONE COUNTRY WILL SET OFF PROTECTIONIST

REACTIONS IN OTHERS. THE RESULTANT EFFECT ON WORLD TRADE WOULD MAKE THINGS WORSE FOR EVERYBODY, INCLUDING THE INDUSTRIES PROTECTED. THIS IS WHY BOTH WE AND YOU HAVE,

THROUGH THE OECD, PLEDGED OURSELVES TO AVOID SUCH MEASURES. I DO NOT SUGGEST THAT THIS MEANS GIVING UP PROPER GATT RIGHTS: BUT RATHER THAT IT IS MORE THAN USUALLY NECESSARY TO DEMONSTRATE THAT ALL REQUIREMENTS FOR ESTABLISHING THEM HAVE BEEN FULFILLED. IN THIS RESPECT, AS IN OTHERS, THE ACTIONS OF THE US, AS THE WORLD'S LARGEST TRADING NATION, ARE WIDELY WATCHED BY OTHERS AND ARE OFTEN A SIGNAL FOR THEM.

I HOPE VERY MUCH THAT YOU WILL DECIDE THAT THE CONDITIONS FOR A FORMAL INVESTIGATION INTO THE ALLEGATIONS ABOUT BLMC HAVE NOT BEEN MET AND THAT IN PARTICULAR A CASE HAS

NOT BEEN MADE ON THE GROUND OF MATERIAL INJURY. DENIS HEALEY HAS ASKED ME TO ASSOCIATE HIM WITH THIS MESSAGE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 186753

AND HOPES THAT YOU WILL GIVE DUE WEIGHT TO THE INTERNATIONAL CONSIDERATIONS. END TEXT. KISSINGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ANTIDUMPING LAW (TRADE), AUTOMOBILES
Control Number: n/a
Copy: SINGLE
Draft Date: 07 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE186753
Document Source: CORE
Document Unique ID: 00
Drafter: MCJONES:JH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750273-0961
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750873/aaaacmdu.tel
Line Count: 156
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 182256
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 21 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 APR 2003 by CunninFX>; APPROVED <05 NOV 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NTIDUMPING: CASE AGAINST FOREIGN AUTOMOBILES
TAGS: ETRD, UK, EEC
To: LONDON EC BRUSSELS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006